

AUDIT AND GOVERNANCE COMMITTEE

22 March 2013

**EXTERNAL AUDITOR – AUDIT STRATEGY MEMORANDUM FOR THE YEAR
ENDED 31ST MARCH 2013**

Report of the Executive Director of Commercial and Corporate Services

1.0 Purpose of the report

- 1.1 This report details the new external auditors (Mazars) Audit Plan which notifies the Authority of the work that they are proposing to undertake in respect of the audit of the financial statements and the value for money conclusion for 2012/2013.

2.0 Audit Plan 2012/2013

- 2.1 The attached document advises on the nature of this work together with the scale of fee for the 2012/2013 audit and the assumptions that inform this charge to the Authority.
- 2.2 It is welcomed that Mazars, after successfully winning the North East area audit work, has introduced significantly reduced audit fees it is intending to charge the Authority for its audit services by 40% and these are detailed on page 12 of the document where the scale fees for 2011/2012 are £179,562 (and Grant certification work of £16,050) as compared to the 2011/2012 fees total of £299,270 (and grant certification work of £36,945) under the previous Audit Commission arrangements. The cost of audit work in total has thus reduced from £336,215 for 2011/2012 to £195,612 in 2012/2013, a saving of £140,603.
- 2.3 In addition, a further fee of £3,500, will be incurred for 2012/13 as the council has commissioned a Review of Internal Audit which will be financed from some of the above saving.
- 2.4 The Audit Plan also identifies the specific areas for the planned audit work based upon a risk assessment process. These areas of work are set out in the attached document on Pages 5 to 10 of the document and have been discussed with officers.
- 2.5 The document also sets out the protocol the auditors will follow in completing their planned work by providing an audit timeline of key phases of their work and also sets out their proposed methods of communication at each stage.
- 2.6 Gavin Barker the Council's Engagement Manager, from Mazars, will be in attendance to outline the content of the Plan and to answer any questions that may arise.

3.0 Description of Decision

3.1 The Committee is recommended to:

- Note the contents of this report
- Note and welcome the 40% reduced audit fees for the work to be undertaken in 2012/2013, as compared to the previous auditing regime, based on the risk-based approach to audit planning and also to note that the fees for 2013/2014 have recently been announced and these are to be maintained at the 2012/2013 price level.

Background Papers

Mazars : Audit Strategy Memorandum for the Year ended 31st March 2013
(attached)